

Message Text

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43

ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 CIAE-00 PM-07 INR-10 L-03

NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

SAJ-01 ACDA-19 SS-20 NSC-10 H-03 IO-14 EB-11 OIC-04

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R 150915Z OCT 73

FM USMISSION NATO

TO SECSTATE WASHDC 2135

SECDEFWASHDC

INFO DA WASHDC

CDRUSAMC ALEXANDRIA VA

CDRUSACDCADA FT BLISS TEX

USCINCEUR VAIHINGEN GER

CINCUSAREUR HEIDELBERG GER

CDR 32D AIR DEF CMD KAISERSLAUTERN GER

CHUSNAHALO PARIS

CHMAAG ATHENS

CHMAAG BONN

CHMAAG COPENHAGEN

CHMAAG ROME

CHMAAG THE HAGUE

CDRUSMICOM REDSTONE ARS AL

C O N F I D E N T I A L USNATO 4913

E.O. 11652: GDS, 12-31-79

TAGS: MARR, NATO

SUBJECT: PROPOSED US POSITIONS FOR NATO-HAWK BOARD OF DIRECTORS
(BOD) MEETING, 6-9 NOV 1973

SECDEF FOR OADS(I&L-MR. C. FRANKE.

DA FOR OSAS(I&L) AND DCSLOG (MS-SBI).

USMICOM FOR AMCPM-HA.

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USCINCEUR FOR MAD AND J-4.

USAREUR FOR AEGD-MR-MM AND USAMICOM FLD OFC (AMCPM-HAI-EUR-MAJ
ROBERTSON).

REFS: A. HMO/2.2.01/4069/73, NATO-HAWK BOD AGENDA, 6 SEP 73.

B. SECSTATE 063597, DTG 060037Z APR 73.

C. USNATO 1900 DTG 171515Z APR 73.

BEGIN SUMMARY. NATO-HAWK BOARD OF DIRECTORS (BOD) IS SCHEDULED TO MEET IN PARIS 6-9 NOV 73. MESSAGE ADDRESSES DRAFT AGENDA ITEMS. PRINCIPAL ITEM OF US INTEREST CONTINUES TO BE DECISION RELATED TO THE NATO-HAWK EUROPEAN LIMITED IMPROVEMENT PROGRAM (HELIP). US BOARD MEMBER (COL LYNCH) REQUESTS OSD CONCURRENCE IN PROPOSED POSITIONS. END SUMMARY.

1. THIS MESSAGE ADDRESSES ONLY SPECIFIC AGENDA ITEMS IN WHICH THE US MUST ESTABLISH A POSITION OR HAS A CONTINUING, DIRECT INTEREST.

A. ITEM 1-APPROVAL OF SUMMARY RECORD OF PREVIOUS MEETING. PROPOSE TO APPROVE.

B. ITEM 2.1-EXAMINATION OF RAYTHEON (RAY) QUOTATION. PROPOSE TO ENDORSE SACEUR POSITION WHICH URGENTLY REQUESTS THAT THE BOD REACH A POSITIVE HELIP DECISION AT THIS MEETING. IN ADDITION TO THE URGENT MILITARY REQUIREMENT ADDRESSED BY SACEUR, THE US PLANS TO CALL ATTENTION TO THE PROBLEM OF PROCUREMENT LEAD TIME. THE CONVERSION/DEPLOYMENT SCHEDULES IN THE RAY PROPOSAL OF 28 SEP 73 ARE BASED UPON RAY RECEIPT OF A SIGNED AGREEMENT BY 15 JAN 74.

C. ITEM 2.2-DRAFT PHASE C QUOTEATION. WE ANTICIPATE A REQUEST BY ITALY TO THE US FOR FREE-OF-CHARGE GOVERNMENTAL SERVICES FOR PRICE CONTROL, QUALITY ASSURANCE, AND TECHNICAL ACCEPTANCE OF ITEMS FROM RAY (PRIME CONTRACTOR). PROPOSE TO DENY THIS REQUEST BUT WITH A COUNTER OFFER TO PERFORM ALL OF THESE SERVICES AT STANDARD RATES ESTABLISHED, FOR US FOREIGN MILITARY SALES (FMS).

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D. AGENDA ITEMS 2.4-DRAFT MODIFICATION TO NHPLO CHARTER. PROPOSE TO APPROVE DRAFT EMENDMENT WHICH DELETES THE US MEMBER AS A FULL MEMBER OF THE BOD ON MATTERS PERTAINING TO LOGISTICS ASPECTS OF THE PROGRAM. ARTICLE 21 AS PROPOSED RETAINS THE US MEMBER ON THE BOD BUT AMENDS HIS VOTING POWERS. IN PRACTICE, SINCE THE US TERMINATED ITS DIRECT LOGISTICAL INVOLVEMENT, THE US MEMBER HAS ABSTAINED FROM VOTING ON LOGISTICAL MATTERS WHICH ARE THE BUSINESS ONLY OF THE PARTICIPATING EUROPEAN NATIONS. THIS AMENDMENT MAKES THE CHANGE OFFICIAL.

E. AGENDA ITEM 3.7-DIVIDING UP OF THE HAWK COMMON DEPOT STOCK AFTER THE HELIP DECISION. UNDER THIS TOPIC THE SUBJECT OF DISTRIBUTION OF THE JOINTLY OWNED MAINTENANCE FLOAT COULD ARISE. PROPOSE TO CONTINUE MARKING TIME ON THIS ISSUE IN

CONSONANCE WITH REF B UNTIL A HELIP DECISION IS REACHED. RECENT INDICATIONS FROM GENERAL MANAGER'S OFFICE ARE THAT ENTHUSIASM HAS WANED FOR PURSUING A COURSE OF ACTION ALONG LINES INDICATED IN PARA 3, REF C. BILATERAL SETTLEMENTS BETWEEN THE US AND RECIPIENT NATIONS ONCE AGAIN APPEAR LIKELY.

3. FOR YOUR ADVANCE INFORMATION, A SHORT SUMMARY IS OFFERED ON THE LATEST RAY PROPOSAL:

A. COMPARISON OF THE RAY SEPTEMBER PROPOSAL WITH THE JANUARY OFFER SHOWS AN OVERALL PRICE INCREASE OF SEVEN PERCENT, WITH THE MAJOR COST INCREASE OF ONE HUNDRED PERCENT IN RAY'S CENTRAL SERVICES OF WHICH PROGRAM COORDINATION AND LOGISTICS SERVICES WERE INCLUDED. SUCH SERVICES WERE NOT A PART OF THE JANUARY PROPOSAL. THE SECOND PRINCIPAL AREA OF INCREASED COSTS ARE INVESTMENTS OF FTE (FLIGHT TEST EQUIPMENT) AND SPECIAL TOOLING, WHICH INCREASED ABOUT ONE HUNDRED TWENTY-FIVE PERCENT.

B. INDUSTRIAL ALLOCATION OF RAY'S SEPTEMBER PROPOSAL SHOWS A THIRTY/SEVENTY PERCENT BREAK BETWEEN EUROPEAN AND US COSTS. IN ACCORDANCE WITH NHMO (NATO-HAWK MANAGEMENT OFFICE) GUIDANCE, THE SEPTEMBER OFFER INCREASED ITALY'S INDUSTRIAL ALLOCATION OF EUROPEAN EFFORT FROM 6.8 PERCENT TO 19 PERCENT WHILE DECREASING THE SHARE OF GERMANY AND BELGIUM.

C. WE ANTICIPATE THAT THESE PRICE INCREASES MAY NOT BE ACCEPTABLE TO THE FRG AND THE NETHERLANDS. WITH ITALY FIRMLY CONFIDENTIAL

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COMMITTED TO MAXIMUM PARTICIPATION BY ITALIAN FIRMS, THE BOD DECISION ON HELIP CANNOT BE PREDICTED WITH REASONABLE CERTAINTY AT THIS TIME.
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CDRUSAMC ALEXANDRIA VA
CDRUSACDCADA FT BLISS TEX
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